

BILL # HB 2255

TITLE: fertilizer fund; pesticide fund; uses

SPONSOR: Jones

STATUS: As amended by NRRA

PREPARED BY: Leatta McLaughlin

FISCAL ANALYSIS

Description

The bill creates a Plant Health Council to be comprised of 7 members that are involved in either the agricultural fertilizer or pesticide industry. The bill allows the Council to recommend the adjustment of fertilizer inspection and license fees and pesticide registration fees to the Arizona Department of Agriculture (ADA) director. The bill outlines the purposes that pesticide registration fees can be used for.

Estimated Impact

The bill could have a General Fund impact of up to \$955,200. However, since it is not known whether the ADA director would choose to decrease fertilizer license and/or pesticide registration fees under this bill and if so by how much, the exact fiscal impact cannot be determined.

Analysis

The fee for commercial fertilizer licenses is currently \$125 per year per business. Of this amount, \$25 is deposited to an ADA fund to regulate fertilizers, and the remaining \$100 is deposited into the Department of Environmental Quality's Water Quality Assurance Revolving Fund (WQARF). The fee for pesticide registration is currently \$100 per year per person for each pesticide. Of this amount, \$25 is deposited to ADA to regulate pesticides, and the remaining \$75 is deposited to WQARF.

The bill would allow the director to decrease the fertilizer fee to an amount less than the current \$125 and the pesticide fee to an amount less than the current \$100. Under the bill, \$25 of each fee would be deposited to ADA to be held in trust on behalf of the Council while the remaining fee amounts would be deposited into WQARF.

If the ADA director chose to decrease the fee amounts under the bill, then WQARF would receive fewer revenues from both types of fees. Statute currently requires WQARF to annually receive \$18 million from Corporate Income Tax (CIT) and various license and registration fees, including fertilizer and pesticide fees. At the beginning of each fiscal year, \$15 million in CIT is deposited to WQARF. During the fiscal year, the State Treasurer can take back CIT revenues from the fund as the license and registration fees are generated, as long as the fund receives its \$18 million.

In FY 2008, WQARF received \$49,900 from fertilizer fees and \$905,300 from pesticide fees. If the director chooses to decrease both fees as much as possible, then WQARF would receive \$955,200 fewer revenues. These revenues currently decrease the amount of CIT deposited to WQARF, which are instead deposited to the General Fund. Loss of the fee revenue would require additional CIT monies to be deposited into WQARF.

Local Government Impact

None